

reference to the contractor may, however, be substituted for *Government* in subdivision (d)(2)(iv) of the clause.

(2) In the subcontract terms on reports and access to records, the contractor shall not delete the references to *Contracting Officer* and *Government* in adapting paragraph (g) of the Progress Payments clause in the contract, but may expand the terms as follows:

(i) The term *Contracting Officer* may be changed to *Contracting Officer or Prime Contractor*.

(ii) The term *the Government* may be changed to *the Government or Prime Contractor*.

(3) The subcontract special terms regarding default shall include paragraph (h) of the Progress Payments clause in the contract through its subdivision (i). The rest of paragraph (h) is optional.

(f) If the contractor makes progress payments to a subcontractor under a cost-reimbursement prime contract, the contracting officer shall accept the progress payments as reimbursable costs of the prime contract only under the following conditions:

(1) The payments are made under the criteria in 32.502-1 for customary progress payments.

(2) The payments do not exceed the progress payment rate in 32.501-1 unless unusual progress payments to the subcontractor have been approved in accordance with 32.501-2.

(3) The subcontractor complies with the liquidation principles of 32.503-8, 32.503-9, and 32.503-10.

(4) The subcontract contains progress payments terms as prescribed in this section.

[48 FR 42328, Sept. 19, 1983, as amended at 52 FR 9039, Mar. 20, 1987]

## Subpart 32.6—Contract Debts

### 32.600 Scope of subpart.

This subpart prescribes policies and procedures for the Government's actions in ascertaining and collecting contract debts, charging interest on the debts, deferring collections, and compromising and terminating certain debts.

### 32.601 Definition.

*Responsible official*, as used in this subpart, means the contracting officer (see subpart 2.1) or other official designated under agency procedures to administer the collection of contract debts and applicable interest.

### 32.602 General.

The contract debts covered in this subpart arise in various ways. The following are some examples:

(a) Damages or excess costs related to defaults in performance.

(b) Breach of contract obligations concerning progress payments, advance payments, or Government-furnished property or material.

(c) Government expense of correcting defects.

(d) Overpayments related to errors in quantity or billing or deficiencies in quality.

(e) Retroactive price reductions resulting from contract terms for price redetermination or for determination of prices under incentive type contracts.

(f) Overpayments disclosed by quarterly statements required under price redetermination or incentive contracts.

(g) Delinquency in contractor payments due under agreements or arrangements for deferral or postponement of collections.

(h) Reimbursement of costs, as provided in 33.102(b) and 33.104(h)(1), paid by the Government where a postaward protest is sustained as a result of an awardee's misstatement, misrepresentation, or miscertification.

[48 FR 42328, Sept. 19, 1983, as amended at 60 FR 48275, Sept. 18, 1995; 61 FR 41470, Aug. 8, 1996]

### 32.603 Applicability.

Except as otherwise specified, this subpart applies to all debts to the Government arising in connection with contracts and subcontracts for the acquisition of supplies or services, and debts arising from the Government's payment of costs, as provided in 33.102(b) and 33.104(h)(1), where a